

**COMMISSION DIRECTIVE**ADMINISTRATIVE MATTERS ☐DATE September 6, 2006MOTOR CARRIER MATTERS ☐DOCKET NO. 2006-97-WS  
2006-107-WS  
2006-92-WSUTILITIES MATTERS ☒**SUBJECT:**DOCKET NO. 2006-97-WS - Application of Tega Cay Water Service, Incorporated for Adjustment of Rates and Charges and Modifications to Certain Terms and Conditions for the Provision of Water and Sewer Service

- AND -

DOCKET NO. 2006-107-WS - Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer ServiceDOCKET NO. 2006-92-WS - Application of Carolina Water Service, Incorporated for Adjustment of Rates and Charges for the Provision of Water and Sewer Service

Discuss these Matters with the Commission.

**COMMISSION ACTION:**

In regards to Docket No. 2006-92-WS, I move that the Commission adopt the attached questions and pose them to the Parties immediately following this meeting.

PRESIDING Hamilton

	MOTION	YES	NO	OTHER		
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED	<input type="checkbox"/>
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED STC 30 DAYS	<input type="checkbox"/>
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		ACCEPTED FOR FILING	<input type="checkbox"/>
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		DENIED	<input type="checkbox"/>
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		AMENDED	<input type="checkbox"/>
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		TRANSFERRED	<input type="checkbox"/>
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		SUSPENDED	<input type="checkbox"/>
					CANCELED	<input type="checkbox"/>
					SET FOR HEARING	<input type="checkbox"/>
					ADVISED	<input type="checkbox"/>
					CARRIED OVER	<input type="checkbox"/>
					RECORDED BY	<u>Schmieding</u>

Session: SpecialTime of Session 12:30 p.m.

***Mr. Chairman, as the parties prepare to present their settlement agreement to the Commission on Thursday, I would like to alert them to some issues that I believe will be important to the Commission in considering this settlement. Therefore, I would move that the Commission request that the parties present testimony and introduce evidence to address the following issues.***

***A. As to the rates charged to customers in the River Hills subdivision:***

In his Rebuttal Testimony, filed as Exhibit D to the Explanatory Brief and Joint Motion for Settlement Hearing and Adoption of Settlement Agreement, Steven M. Lubertozi testifies: “The Company has never accounted for the River Hills system except as part of our statewide system.” *p. 8, ll. 8-20.* Mr. Lubertozi also testifies that it would be an “inaccurate statement” to assert that the Carolina Water Service customers of the River Hills community in York County are “subsidizing the remainder of the [CWS] water and sewer systems across South Carolina.” He also asserts that rates for customers in some newer subdivisions would increase dramatically if the Commission were to depart from uniform billing for the various CWS subsystems.

I would like to have more information and a more detailed explanation regarding these assertions. Some information which I believe would help the Commission understand Mr. Lubertozi’s testimony and decide if the uniform rate structure remains just and reasonable includes:

1. Whether CWS performs periodic calculations of revenues and costs and expenses associated with the operation of water and/or sewer systems in any of its individual service territories in South Carolina, and if so, what this data indicates.
2. If this information is not available, how does Mr. Lubertozi conclude in his testimony that it would be “inaccurate” to assert that the River Hills customers of CWS subsidize other CWS water and sewer systems in South Carolina ?
3. Inasmuch as Mr. Lubertozi claims that it would require a “Herculean effort” to determine what rates CWS would charge to the customers

located within the discrete subdivisions or other geographical areas served by the Company, and that the resultant rates would be “wildly disparate” and would cause “different rates in just about every area,” (p. 9, ll. 10-16), it would be helpful to know specifically the work that such calculations would require, and an estimate of the staff time and cost involved;

4. A description of the method by which CWS adjusted its rate base data – as evidenced in Ms. Scott’s pre-filed testimony and exhibits – to account for sale or transfer of water and/or sewer systems such as those serving the King’s Grant and Teal on Ashley subdivisions and a description of the documents and data relied on in performing the calculations. Did CWS provide the information used by witness Scott to make accounting adjustments for the sale of the Kings Grant and Teal on the Ashley service territories? If yes, how did CWS get this disaggregated service territory information ?

***B. As to CWS’s operations in general.***

1. Does CWS maintain records of reported backups in its sewer systems? How many complaints of sewer backups were received within the test year, and how were they resolved?
2. Please elaborate the efforts by CWS to prevent sewer backups. What measures does CWS employ to prevent sewer problems, and how they compare to applicable industry standards?

***C. As to CWS’s flat rate charges for residential sewer service.***

Explain why the Commission should find that flat-rate sewerage billing is just and reasonable? Why do the parties believe that a flat rate billing scheme is superior to one based upon individual usage?

***D. As to the settlement’s provisions concerning the recovery of rate case expenses.***

1. Why are the rate case expenses proposed in the settlement prudently incurred?

2. Do the rate case expenses included in the settlement agreement include any legal or other rate case expenses associated with the Company's appeal of Docket No. 2004-357-WS (the Company's last case)? If so, please provide the dollar amount of such appeal costs.
3. Please provide a breakdown by dollar amount of what is included in rate case expenses for this case such as legal, consulting, etc.?

*E. Regarding CWS's compliance with DHEC standards.*

Dawn Hipp's prefiled testimony states that DHEC standards were being met at the CWS systems according to recent DHEC sanitary survey reports and that general housekeeping items are satisfactory. She also states that ORS inspections showed that all wastewater collection and treatment systems were operating adequately and in accordance with DHEC rules and regulations. The Business Office Compliance Review attached to her testimony also states that CWS is in compliance regarding notices to be filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with R.I03-514-C and 103.714-C (which require reporting of DHEC violations to the Commission). Several questions arise regarding that testimony in light of the site reports attached as DMH4 to her testimony.

It would be helpful for the parties to explain the scope of her evaluation and conclusions since not all sites were selected for testing, several systems that were inspected were found to be unsatisfactory by DHEC, and that customers – but not the Commission – were mailed notice of a RAD sample which had exceeded the Maximum Contaminant Level.